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Message Text

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PAGE 01 CAIRO 05188 161621Z

65
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-03 H-02 PA-01 PRS-01 SAB-01 SSM-03 SAM-01 FEA-01

ERDA-05 ITC-01 /093 W
---------- 109343
R 161533Z APR 76
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 2138

C O N F I D E N T I A L CAIRO 5188

E.O. 11652: GDS
TAGS: EGEN, PFOR, BEXP, EINV
SUBJECT: ARAB BOYCOTT OF ISRAEL: ALEXANDRIA CONFERENCE : ROCKWELL DROPPED FROM BLACKLIST

REF CAIRO 4329

1. EMBASSY HAS BEEN ADVISED BY LOCAL ROCKWELL REP (HUSSEIN ZAKI, MEMBER OF US/EGYPTIAN BUSINESS COUNCIL) THAT COMPANY HAS BEEN REMOVED FROM BLACKLIST. ACTION ALLEGEDLY TOOK PLACE APRIL 3 DURING ALEXANDRIA CONFERENCE OF AL BOYCOTT COMMISSION.

2. ZAKI SAYS THAT MOVING FORCE WHICH SECURED ROCKWELL'S REMOVAL WAS FONMIN FAHMY WORKING BEHIND THE SCENES AND USING FACT THAT COMPANY HAS MADE INVESTMENTS IN EGYPT AS PRIMARY LEVER. (ROCKWELL SUBSIDIARY HAS SMALL JOINT VENTURE WITH GOE MILITARY FACTORIES TO PRODUCE OIL FIELD WELL HEADS, FIRST SALES FROM THIS FACILITY HAVE EVIDENTLY JUST BEEN CONCLUDED). FAHMY WAS ABLE TO CONVINCE COMMISSION THAT SERIOUS ADVERSE IMPACT ON EGYPTIAN INVESTMENT PROGRAM WOULD RESULT FROM FAILURE TO ACT ON ROCKWELL.
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PAGE 02 CAIRO 05188 161621Z

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Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006

3. WE ARE ADVISED THAT COMPANY IS WELL AWARE OF THIS MOVE, WHICH WAS MAJOR FACTOR IN DECISION TO OPEN CORPORATE OFFICE IN CAIRO IN NEAR FUTURE. ZAKI SAYS GOE HAS INFORMED GOVERNMENT AGENCIES, E.G. CUSTOMS AUTHORITIES, OF REMOVAL OF FIRM FROM BLACKLIST.

4. ACCORDING ZAKI, SOME 30 AMERICAN COMPANIES WERE REMOVED FROM LIST IN APRIL SESSION. HE SAYS NONE OF MAJOR COMPANIES WERE SO AFFECTED BUT PROMISED TO PRODUCE LIST FOR US IN NEXT FEW DAYS.

5. COMMENT: THIS REPORT IS SOMEWHAT AT ODDS WITH OTHER ACCOUNTS OF RESULTS OF BOYCOTT MEETING. FOR EXAMPLE, WITH THE EXCEPTION OF ONE ACTION IN GULF STATE, WE DO NOT KNOW THAT ROCKWELL ACTUALLY HAD BEEN BOYCOTTED. WE DO KNOW, HOWEVER, THAT CONFERENCES HAVE PREVIOUSLY DISCUSSED POSSIBLE ACTIONS AGAINST ROCKWELL. REARRANGING ZAKI'S ACCOUNT SLIGHTLY, IT IS CONCEIVABLE THAT EGYPT AGRUED SUCCESSFULLY AGAINST PLACING ROCKWELL ON BOYCOTT BECAUSE OF ITS RECENT INVESTMENT IN EGYPT. AS EMBASSY HAS REPORTED (REFTEL, THAT CONFERENCE REPORTEDLY DID NOT DISCUSS STATUS OF US FIRMS. THIS IS NOT TOTALLY AT VARIANCE WITH ZAKI'S STORY, SINCE DECISION NOT TO BLACKLIST COULD BE CONSTRUED TO FIT ABOVE REPORT.
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